DOCUMENT RESUME

ED 365 227 HE 027 019

TITLE Selected Faculty Compensation Issues within the State of Washington. In Response to Chapter 16, Laws of 1991, Section 609(4). A Report.
INSTITUTION Washington State Higher Education Coordinating Board, Olympia.
PUB DATE Jun 92
NOTE 53p.
PUB TYPE Reports - General (140)

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS *College Faculty; Community Colleges; Comparative Analysis; *Compensation (Remuneration); Departments; Elementary Secondary Education; Higher Education; Merit Pay; Promotion (Occupational); Public Colleges; *Salary Wage Differentials; *Teacher Salaries; Universities
IDENTIFIERS *Washington

ABSTRACT

This report addresses Washington State's historical and current information regarding salary increments for college faculty, salary disparity among postsecondary institutions and within institutional departments, and performance-based compensation plans for college faculty. Included among the report's findings are the following items: (1) inadequately funded merit systems can result in an inability to provide salary enhancements for faculty; (2) in recent years, funded increments in the K-12 and community college systems, in combination with general salary increases equivalent to those provided the four-year faculty, have provided greater salary increases to these groups compared to faculty at four-year colleges and universities; (3) the range in salaries between professional ranks is being compressed in some academic disciplines, a condition that developed as a result of market demands coupled with unstructured performance based salary systems; and (4) merit increases, a key element in salary flexibility, move individual salaries non-uniformly, but also make it difficult to identify specific factors that contribute to salary compression. Recommendations are provided. Appendices provide the report's statistical tables. (GLR)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 365 227

A REPORT ON

SELECTED FACULTY COMPENSATION ISSUES

WITHIN THE STATE OF WASHINGTON

In Response to
Chapter 16, Laws of 1991, Section 609(4)

HE027019

HIGHER EDUCATION COORDINATING BOARD
STATE OF WASHINGTON

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Washington State H.E. Coordinating Board
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)"

JUNE 1992

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☒ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

BEST COPY AVAILABLE

MEMBERS OF THE HIGHER EDUCATION COORDINATING BOARD

Steven T. Seward, Chair
Suite 506, The National Building
1008 Western Avenue
Seattle, Washington 98104

John M. Fluke, Jr.
Fluke Capital Management, L.P.
11400 S.E. 6th Street, Suite 230
Bellevue, Washington 98004

Kelso Gillenwater
The Morning News Tribune
P.O. Box 11000
Tacoma, Washington 98411

M. Lyle Jacobsen
8104 Ellison Loop, N.W.
Olympia, Washington 98502

Mary James
c/o Heritage College
3240 Fort Road
Toppenish, Washington 98948

Pearl McElheran
500 King County Administration Bldg.
500 Fourth Avenue
Seattle, Washington 98104

David K.Y. Tang
Preston, Thorgrimson, Shidler, Gates & Ellis
5400 Columbia SeaFirst Center
Seattle, Washington 98104-7011

Vivian Winston
E. 1811 Rockwood Boulevard
Spokane, Washington 99203

Judith Wiseman
3105 Eldridge Avenue
Bellingham, Washington 98225

Ann Daley
Executive Director

A REPORT ON

SELECTED FACULTY COMPENSATION ISSUES

WITHIN THE STATE OF WASHINGTON

IN RESPONSE TO
CHAPTER 16, LAWS OF 1991, SECTION 609(4)

JUNE 1992

CONTENTS

EXECUTIVE SUMMARY i

INTRODUCTION 1
- Study issues 1
- Policy questions 2
- Scope 3
- Process 4

HISTORY AND CURRENT POLICIES 4
- Legislative language 5
- Legislative changes in emphasis and/or focus 6
- Finding and Conclusions 7

PERFORMANCE BASED COMPENSATION 7
- Research universities 8
- Comprehensive universities 9
- The Evergreen State College 10
- Community colleges 10
- Findings and Conclusions 11
- Recommendations 12

INCREMENTS 12
- State and higher education classified employees 13
- K-12 classified employees 13
- K-12 certificated instructional staff 14
- Community college faculty 15
- Four-year institution faculty 16
- Findings and Conclusions 17
- Recommendations 19

SALARY DISPARITY AMONG INSTITUTIONS 19
- Average salary methodology 23
- Analysis 24
- Findings and Conclusions 27
- Recommendations 27

SALARY DISPARITY WITHIN DEPARTMENTS 27
- Analysis 30
- Findings and Conclusions 31
- Recommendations 32

APPENDIX A 33
APPENDIX B 35

EXECUTIVE SUMMARY

The 1991 Appropriations Act directed the Higher Education Coordinating Board:

> "in consultation with the state board for community college education and with the cooperation of the institutions of higher education, shall report to the appropriate committees of the legislature on higher education faculty compensation. The report shall include historical and current information as well as recommendations regarding: (a) Salary increments; (b) salary disparity among institutions and within departments of institutions; and (c) performance-based compensation plans."

While three distinct issues are addressed in the study, a common element demonstrated in each is concern with equity in the allocation of salary increases among state employee groups; among institutions; or among faculty within a single department. Thus, the components of the study move from a discussion of broad issues to that of greater specificity as it relates to equity.

The study provides an in state perspective on the issues and does not duplicate or supplant the Board's reports and recommendations on faculty compensation adjustments relative to national peer groups, nor does it duplicate the work of the State Board for Community and Technical Colleges (SBCTC.) Technical college faculty are not addressed in this report; merging of technical institutions into the SBCTC is still in transition.

After consultation with legislative staff and representatives from throughout higher education, staff narrowed the focus of the study to address only state-funded salaries of full-time faculty at Washington public colleges and universities. This report does not examine salary disparities between full and part-time faculty, nor does it discuss supplemental contracts available to faculty in either K-12 or higher education.

History and current policies

Appropriations language was reviewed to assess the extent to which the legislature has provided institutional flexibility to manage faculty salary increases, restricted institutions from addressing salary needs, or narrowly defined eligibility for salary increases. Provisos reflect legislative responses to perceived needs or abuses, or efforts to target salary increase funding. Language generally states that salary adjustments including increments are at the stated percentage. Reference was intended to limit salary increases to the legislatively appropriated levels. Language clearly restricts institutions from providing general salary enhancements greater than authorized because such actions would increase the salary base on which continuing state funding is calculated.

Differing policies incorporated with salary increase appropriations during the 1980s included: institutions could supplement general salary increases from other program areas; salary increases were to be based on merit; comprehensive institutions were provided "faculty resource equalization funding" to address differences in instructional formula funding; research universities received funding "solely to reduce critical market disparities in teaching disciplines"; salary increases were "solely to provide the specified average salary increases"; community colleges were provided funds "to reduce the disparity in full-time faculty salaries"; and community colleges received funding to supplement savings from staff turnovers to pay faculty salary increments.

Review of legislative provisos found no language that would preclude institutions from protecting the salary base and using salary savings for replacement faculty, new faculty, promotion, merit, market disparities, affirmative action - issues which are individual and documented.

Performance based compensation plans

Policies at four-year institutions, developed as a part of the shared governance system between administration and faculty, primarily use performance-based criteria (merit) to award salary increases. Salary policies developed at the institutional level can be revised to reflect desired changes.

Salary policies that provide for increases based on merit, market disparity, and cost-of-living adjustments give four-year institutions flexible salary management systems. Merit systems, if not adequately funded, can result in an inability to provide salary enhancements for many members of the faculty. With very limited funds for merit awards, the rigors of the process may outweigh benefits. Flexibility of the salary policies of higher education institutions is integral to their autonomous operations.

Recommendations

- *Authority and responsibility for distribution of salary resources should be maintained at the institutional level; state involvement in the implementation of higher education performance based compensation systems is not recommended.*

- *Institutions should ensure that salary policies are routinely reviewed and revised to fairly compensate their faculty.*

- *Institutions should review salary setting policies to ensure they are sufficiently flexible to accommodate periods of low resource availability.*

Increments

The term "increment" is used in most salary systems having large groups of employees. Generally it means salary increases awarded based on longevity. During a portion of their careers, K-12 certificated instructional staff receive step increments funded through an allocation schedule. Beginning in 1991, community college faculty began to receive funded increments for a portion of their careers. Funding of increments in community colleges recognizes the essential uniformity of this element in locally negotiated contracts. Most four-year institutions do not have provision in their salary policies for longevity increments.

In recent years, funded increments in the K-12 and community college systems, in combination with general salary increases equivalent to those provided the four-year

faculty, have provided greater salary increases to these groups compared to faculty at the four-year college and universities.

Recommendations

- *The practice of funding community college salary increments should continue.*
- *The four-year institutions should not be directed to implement an increment based salary distribution system.*
- *Levels of appropriation for enhanced salaries should recognize the presence or absence of funded increments.*

Salary disparity among institutions

HECB faculty salary recommendations are based on Integrated Postsecondary Education Data System (IPEDS) surveys, the only data base available for national peer institutions. In 1983, funds for faculty resources were appropriated to Central, Evergreen, and Western to equalize these institutions to the average salaries at Eastern in the state formula budget base. The state formula budget base was more comprehensive than IPEDS, and included part-time faculty, academic deans, part-time overload or extra pay for faculty and department chairs, and graduate teaching assistants. Because equalization was established on the formula base, the reported average salaries on the IPEDS surveys then showed variations among the institutions.

Since equalizing salaries at the regional universities and TESC in 1983, the legislature has provided equal percentage increases for each of those institutions. However, differences on the IPEDS surveys surpass those attributable to the 1983 equalization.

Institutions have flexibility to manage faculty resources. Whether hiring additional faculty, adding part-time faculty or teaching assistants, or paying part-time overload to full-time faculty, there are no external rules on how an institution is to configure its faculty.

Beyond flexibility to interchange salary funding among faculty categories, institutions also have flexibility to direct funds to other institutional operations. There is considerable difference in the way state funds are allocated by institutions among major programs. To the extent an institution moves funding out of instruction, it may have a deleterious effect on salaries. Compensation policies, and the results thereof, are the province of the institution to establish, to manage, and to work with the outcomes, both positive and negative.

Salary expenditures are only one element of an institution's spending pattern and cannot be viewed in isolation. Analysis cannot focus solely on differences in the average salaries of faculty among Washington comprehensive institutions but must consider that institutions have exercised their flexibility differently, resulting in different expenditure patterns among the many program areas.

Recommendation

- *The HECB peer comparison information should be used as a "bench mark" for reviewing the effects of salary policies and levels at comparable institutions, but not for establishing budget allocations.*

Salary disparity within departments

The range in salaries between professorial ranks is being compressed in some academic disciplines. Salaries policies at four-year universities provide the flexibility necessary to compete in the national market. Merit increases, a key element in salary flexibility, move individual salaries non-uniformly, but also make it difficult to identify specific factors that contribute to compression.

As a part of the study, universities were asked to provide salary data for faculty in the departments of business, English, computer science, education, biology, and sociology. Of the departments reviewed, salary compression is most noticeable in computer science - a relatively new, fast growing, and well-paying field; business - engaged in a competitive market with high salaries; and biology - which appears to be expanding faculty.

While external market factors can contribute to salary compression, a process to address market disparities will not necessarily address compression. Salary funding directed at "market disparities" could have contributed to salary compression between professorial ranks. Salary compression is the result of market demands coupled with unstructured performance based salary systems. Institutional salary policies have flexibility to address issues of disparity and compression.

Recommendation

- *Salary compression should be viewed as a unique institutional concern and one that should be managed by institutions within available resources.*

INTRODUCTION

The 1991 Appropriations Act directed the Higher Education Coordinating Board:

> "in consultation with the state board for community college education and with the cooperation of the institutions of higher education, shall report to the appropriate committees of the legislature on higher education faculty compensation. The report shall include historical and current information as well as recommendations regarding: (a) Salary increments; (b) salary disparity among institutions and within departments of institutions; and (c) performance-based compensation plans."

Study Issues

While three distinct issues are addressed in the study, a common element demonstrated in each is concern with equity in the allocation of salary increases among state employee groups; among institutions; or among faculty within a single department. Thus, the components of the study move from a discussion of broad issues to that of greater specificity as it relates to equity.

The discussion on performance based compensation plans focuses on the types of plans currently used at Washington institutions, the role of the faculty in developing those plans, and whether or not there is an appropriate role for the state in establishing performance based parameters for institutional compensation plans.

A system of salary increments is in place for state classified employees, higher education classified employees, K-12 classified, teaching, and administrative employees, and faculty in the community and technical college system. These increment systems are either funded by state appropriation or local levy funds, or supported in whole or in part by self-funding through employee turnover. At issue is whether or not a funded increment system should be recommended for all higher education faculty similar to that used for educators in the K-12 system and now the community college system.

Salary disparity focuses on two types of potential inequity. The first is that of salary disparity among Washington higher education institutions. A primary distinction is made

between salary disparity among Washington institutions and the differences in the relative salary gap between each Washington institution and its individual national peer group. The latter analysis is addressed routinely by the HECB in its faculty compensation recommendations.

The second area of the salary disparity issue focuses on measuring the disparity within departments of each institution. "Market driven" entry level salaries for new faculty and "market driven" increases to retain newer faculty appear to be increasing at a faster pace than salary increases provided to other continuing faculty at Washington institutions. This market pressure often compresses the range of salaries among new and continuing faculty in a single department.

Policy questions

The following policy concerns are those that the Board should keep in mind as it reviews this paper. These major questions are addressed through the analysis and conclusions sections of the report.

Performance Based Compensation:

Is there a role for state involvement in the performance based compensation systems of the four-year institutions?

Increments:

a) Should the system of funded increments at the two-year institutions be continued?
b) Should the four-year institutions have a system of funded increments?

Salary Disparity:

a) Have funding mechanisms created inequitable salary disparity among some institutions?
b) Is salary compression increasing to the extent of causing problems at institutions?

Basis for HECB Salary Recommendations:

A related policy concern arising from these questions is whether the Board should continue to make discrete salary recommendations for individual institutions based on peer comparisons.

Scope

The study provides an in state perspective on the issues and does not duplicate or supplant the Board's reports and recommendations on faculty compensation adjustments relative to national peer groups. Faculty salaries at Washington institutions are each compared to national "peer" groups as part of the biennial budget process.

The study does not duplicate the work of the State Board for Community and Technical Colleges (SBCTC.) Rather, the intent is to coordinate efforts of the two Boards, referencing in this study those policies adopted by the SBCTC for review and discussion by the HECB. Also, technical college faculty are not addressed in this report; merging of technical institutions into the SBCTC is still in transition.

After consultation with legislative staff and representatives from throughout higher education, staff narrowed the focus of the study to address only state-funded salaries of full-time faculty at Washington public colleges and universities. This report does not examine salary disparities between full- and part-time faculty, nor does it discuss supplemental contracts available to faculty.

Salary disparity among institutions is limited to a discussion of salaries differences among Central, Eastern, and Western Washington Universities, which share a common peer comparison group, and the legislative and institutional policies that may have influenced those differences. Other four-year institutions each have separately established peer groups.

Salary disparity among community colleges, all of which are compared to the same set of peer institutions, was initially addressed in the 1986 Appropriations Act, which provided $1.1 million in equalization funds for the most pressing inequities of eight community college districts. Since that time, the SBCTC has convened a task force to confront this issue on a continuing basis through differential allocation of a small portion

of the general salary increase funds to districts with salaries significantly below the state average. This area is not covered by this report.

Process

Staff met extensively with faculty and administrators to understand the issues, salary policies of each institution and how external market forces influence those policies, and ways state and institutional policies restrict or enhance management of faculty salaries. Staff also met with legislative and executive staff early in the process to discuss and clarify issues to be addressed. These meetings were followed by discussions with faculty and administrators at the four-year institutions and the SBCTC, and with members of the Council of Faculty Representatives.

Considerable effort was spent on the issue of salary disparity among the comprehensive institutions. Many conversations were conducted with staff at these institutions to understand the basis of the issue. Faculty salary data covering a period of years were compiled and reviewed to assess the extent and magnitude of the "disparity." Additionally, budget and appropriation documents were reviewed to provide information on broader aspects of institutional funding and flexibility.

To understand how salary compression affects faculty at Washington institutions, the research and comprehensive universities provided salary data on six selected departments for 1981-82, 1986-87, and 1991-92. Departments were selected where it was perceived that salary compression would or would not be exhibited. Departments surveyed included business, English, computer science, education, biology, and sociology.

HISTORY AND CURRENT POLICIES

Appropriation language for salary increases was reviewed from 1979 through 1992 to assess the extent to which the legislature has provided institutional flexibility to manage faculty salary increases, the extent to which institutions have been restricted from addressing salary needs, and the extent to which legislative language has narrowly defined eligibility for salary increases.

Legislative language

Salary increase provisos in appropriation acts reflect legislative responses to perceived needs or abuses or efforts to target salary increase funding. Several themes occur in these acts over time.

"Including increments." Appropriations language generally states that salary increases for higher education "including increments" are at a stated percentage. This phrase, "including increments" was initially directed at community colleges. Like K-12, community colleges have salary schedules based on education and experience. Unlike K-12, however, increments in community colleges were considered part of the general salary increases and were not funded separately until 1991. The community college salary structure results from collective bargaining. Originally, because the increment system was negotiated locally, it was anticipated that it would be funded separately; the legislature did not do so. The reference to "including increments" was intended to limit salary increases at community colleges to the legislatively appropriated increases.

Reference to increments has been included in appropriations language for four-year faculty, since each institution has a step schedule by which to distribute some or all of the salary increases based on professional growth or merit. Initially included in the 1985-87 Appropriations Act, this language clarified that the purpose of the salary appropriation was not to fund general increases (e.g. cost of living) to salary schedules. The legislature wished to address market disparity and wanted to ensure that the appropriations would not be used to fund step schedules.

"No salary increase greater than that provided." Another common proviso requires that "no higher education institution may grant from any fund source whatsoever any salary increase greater than that provided." Several institutions have expressed concern for how this language can be interpreted.

In the early 1980s, some institutions negotiated salary increases greater than that authorized and then supplemented the authorized level with funds from other budget areas (libraries, physical plant, etc.). This enabled them to grant larger increases than the legislature intended. After so doing, these institutions expected the state to continue funding salaries at the higher levels; the legislature did not do so.

Legislative changes in emphasis and/or focus

A review of provisos since 1979 reveals that the legislature often either attempted to direct the salary policy of institutions or to respond to institutional concerns by directing salary funding to perceived areas of need. The legislature has focused on addressing various issues by directing that salary increases be used for market disparity or merit increases, or by providing permissive language enabling institutions to supplement increases from internal resource reallocation. As a result, several significant policy changes have taken place during these years:

- In 1979, institutions could supplement general salary increases from other program areas. Since then, institutions have been prohibited from supplementing general salary increases.

- In 1981 and 1983, the legislature directed that salary increases be distributed based on merit.

- In 1983, Central and Western Washington Universities and The Evergreen State College were provided "faculty resource equalization funding" to address differences in instructional formula funding.

- In 1985, University of Washington and Washington State University received funding "solely to reduce critical market disparities in teaching disciplines."

- In 1987, salary increases were "solely to provide the specified average salary increases."

- In 1987, $1.1 million was provided "to reduce the disparity in full-time faculty salaries among community colleges."

- In 1991 and 1992, community colleges received funding to supplement savings from staff turnovers to pay faculty salary increments. Prior to that, community college salary increments were not funded nor could colleges use savings from staff turnovers to partially fund increment schedules which the legislature considered "salary increases."

Findings and Conclusions

The legislature at different times has addressed each of the major salary issues which comprise this study. The interrelationships of these components in institutional salary policies are important to understand the cause and effect of individual policy changes.

Appropriation language consistently addresses general salary increases, that percentage authorized in the appropriations act. It precludes any institution from supplementing the authorized increase from other sources outside the salary base (state, federal, or local). Language restricts institutions from providing general salary increases greater than authorized, because such actions would increase the salary base on which continuing state funding is calculated.

As part of this review, an important distinction was noted about the use of savings from vacant positions in higher education. The Office of Financial Management (OFM) recognizes a vacancy rate for most agencies with more than 50 full-time employees. Savings from expected vacancies (retirements, terminations, open positions) are used to reduce the level of required funding for salaries in those agencies.

However, higher education institutions are permitted to manage and use these savings. Review of legislative provisos found no language that would preclude institutions from protecting the existing salary base by using salary savings for replacement faculty, new faculty, promotion, merit, market disparities, affirmative action: all salary actions that represent a change which is individual and documented, rather than prohibited general increases.

PERFORMANCE BASED COMPENSATION

Faculty salary systems range from the most structured, where all faculty with similar years of experience are at the same salary level on a single salary schedule, to the most unstructured, where individual salary increases are based on merit.

Salary policies at Washington institutions illustrate the range of structured to unstructured systems. Performance or merit based compensation policies provide the

primary foundation for salary distribution at the research universities. Systems at the comprehensive universities also have elements of merit within a more structured framework. Evergreen uses years of experience and education as the basis for awarding salary increases, and uses performance evaluations to determine reappointment. The community college system also uses an education and experience based system for salary distribution.

Each institution of higher education has developed its salary policy as part of the shared governance system between administration and faculty. Community colleges develop salary policies and schedules through collective bargaining. General salary policies in four-year institutions are developed through faculty committees with faculty senate and dean review. Specific issues, such as those related to merit awards, are often developed at the department level to reflect departmental goals and missions.

Salary policies at public higher education institutions are summarized in the following sections.

Research universities

The University of Washington and Washington State University both use a merit-based step schedule for faculty compensation. Steps of the schedule are used as the foundation for awarding merit increases. Annual faculty evaluations are used to determine merit increases, promotion or tenure. Evaluations include an extensive process of reporting yearly activity including courses taught, academic research, presentation of papers, student evaluations and activities related to public and institutional service. These faculty performance reports are submitted to department faculty of higher rank and/or the department chairs who then rate each faculty member's yearly performance and submit recommendations to the dean. Merit increases provide an average of a one-step increase (2.9 percent). Individual merit increases will range above and below that average. Promotions award a one and one-half step increase (4.35 percent) at WSU. The UW has no formal procedure for the number of steps awarded for promotion, but the practice has been to award a minimum of one step. The first priority for any authorized salary increase is to fund this merit component. This amounts to 2.9 percent of the salary base.

After merit increases are provided, the next highest priority for the distribution of available salary increase funds is an amount that equals 1.5 percent of the salary base to be used for exceptional salary adjustments. This includes addressing salary inequities, rewarding extraordinary merit, and meeting market demands. Any funds available after the distribution of merit increases and exceptional salary adjustments are used for across-the-board increases such as cost-of-living/inflation. For example, if the legislature grants an overall 5 percent salary increase, 2.9 percent would be used for merit, 1.5 percent for exceptional merit and market, and the remaining 0.6 percent for across-the-board increases.

Comprehensive universities

At Central, Eastern and Western Washington Universities, performance-based systems are used as the basis for promotion, for awarding of merit increases, and in two of the institutions, for awarding increases for professional growth and experience. Performance reviews for salary increases include evaluations from faculty, department chairs, deans, and students. The plan and structure of the salary schedule determines the allocation of increases for awarding promotions, merit, and market adjustments. Each step of the schedule provides approximately a 3 percent salary increase.

Faculty evaluations are conducted on a regularly scheduled basis depending on the nature of the salary increase. For example, after promotion, faculty at Western are evaluated every three years except when they request consideration for general merit increases, which can be awarded annually with a satisfactory evaluation. Central uses annual evaluations for consideration of merit and promotion. Eastern considers faculty evaluations for all salary enhancements.

At Eastern one step normally is awarded annually until the limit of the salary schedule or rank has been reached. At Western, three steps are granted at the time of promotion which includes a merit increase. After promotion, faculty are eligible for three additional steps based on merit, if funding is available. Central's salary policy makes promotions and across-the-board adjustments the first priority for salary increases. Promotions and merit increases are based on evaluations. Promotion increases at Central and Eastern are set at 6 percent (a two-step increase) while faculty promoted at Western receive a 9 percent increase (three steps). At all three universities, evaluations

for promotion rate teaching effectiveness, professional and scholarly activity and service to the institution.

Merit increases at each institution require demonstration of satisfactory to excellent performance. At Eastern, the first draw on any authorized salary increase is an amount equal to 2 percent of the salary base to be used as a deans' reserve fund to recognize special levels of performance or accomplishment. Eastern also designates a portion of the authorized salary increase for "performance beyond the fulfillment of professional duties and continued professional growth." These merit awards provide a non-recurring one-year bonus that does not accrue to the individual's salary base.

The Evergreen State College

Evergreen's salary policy and distribution system is based primarily on years of professional experience and degrees held. Movement on the salary schedule according to professional experience comprises the first priority for authorized salary increases, with the residual used for cost-of-living increases. At Evergreen, steps on the salary schedule increase by a like dollar amount rather than a percentage.

Faculty evaluation is part of the rehiring process at Evergreen and is not a component of the salary policy. This structure reflects Evergreen's collaborative teaching system which has no faculty tenure or rank. Evaluations for reappointment are based on individual portfolios which demonstrate teaching effectiveness; meeting commitments to students, colleagues, staff and the college; planning curriculum, and participating in college affairs. These evaluations are conducted yearly until the faculty has been hired on a eight-year continuing contract which can not occur until after five years of consecutive teaching at Evergreen. After an eight-year contract has been signed, evaluations occur on the second, fifth and seventh year of the contract.

Community colleges

Community colleges negotiate salary schedules locally through collective bargaining. Each local salary schedule generally recognizes years of experience and education in the form of degrees held and additional non-degree education referred to as professional development units. These units are monitored and reviewed by the SBCTC

to assure integrity. Merit based increases are not a component of the community college system.

Findings and Conclusions

The policy question posed is "Is there a role for state level involvement in the implementation of performance based compensation systems of the four-year institutions"? The review focuses on whether existing salary practices are reasonable for those most directly effected, (i.e. institutions, faculty, and administration), and whether they are generally in the best interest of the state.

Public four-year institutions of higher education use performance-based criteria to award salary increases or to evaluate continuation of employment. Salary policies that provide for salary increases based on merit, professional development, market disparity, and cost-of-living adjustments give four-year institutions flexible salary management systems. Individual salary policies and plans are allied to institutional mission and goals. As goals change, salary policies can be revised to better reflect these changes.

Components of a merit evaluation will not only differ by institution, but by departments within an institution. While each will include components of instruction, research and public service activities, the emphasis on each component will depend on department goals and objectives. Merit evaluation processes are detailed and time consuming. Considerable effort by faculty, department chairs and deans, and students go into the process, which can span up to six weeks.

Merit systems, if not adequately funded, can result in an inability to provide salary enhancements for many members of the faculty. Effectiveness of performance based salary policies is largely dependent on the adequacy and consistency of appropriated salary increases to fund all components of a plan.

Most institutional policies were designed to allocate salary increases significantly larger than those appropriated in recent years. Although priorities differ among institutions, to fund all components of a plan would probably require a 6 to 8 percent increase. With appropriated increases of 3 to 4 percent, application of a merit approach may result in stresses between the competing personnel segments.

Merit increases have greater impact when authorized salary increases exceed the rate of inflation. When authorized increases are not sufficient to fund both merit and cost-of-living components of a plan, merit increases can be much more difficult to achieve. Under these circumstances there can be strong pressure to use available funds to maintain the value of existing salaries before awarding increases for merit. Some institutional salary policies, in fact, allow the evaluation system for merit pay to be suspended if increases are not sufficient to address both adequately.

With limited funds for merit awards the rigors of the process may outweigh benefits to faculty. Size of the merit award becomes far more dependent on the amount of the authorized general increase than on the significance of the accomplishment or performance. Great performance in lean budget years may result in insignificant or no merit raises. Consistent and adequate funding for salary systems helps ensure the balance of elements necessary to meet institutional commitments to recruit and retain faculty so essential to attaining the missions and goals of the institutions.

Recommendations

- *Authority and responsibility for distribution of salary resources should be maintained at the institutional level; state involvement in the implementation of higher education performance based compensation systems is not recommended.*

- *Institutions should ensure that salary policies are routinely reviewed and revised to fairly compensate their faculty.*

- *Institutions should review salary setting policies to ensure they are sufficiently flexible to accommodate periods of low resource availability.*

INCREMENTS

Provisions for increments or "steps" are contained in faculty salary policies of each higher education institution as well as policies for state and higher education classified employees and K-12 classified, instructional and administrative employees. However,

"increment" does not mean the same thing in all instances. These differences in meaning can lead to misunderstanding the various policies that employ the term.

In the community college and K-12 systems, increments are granted based upon length of service for all employees whose performance allows them to retain permanent status and/or for additional education credits or degrees earned. In Washington's four-year college and universities, a similar structure of salary gradations is used to calculate the costs of increases for merit, promotions, market adjustments, experience and cost-of-living.

State and higher education classified employees

The system for classified employees in higher education, although decentralized in many respects, is similar to the more centralized state classified employees system. Step increments in both systems are 5 percent and generally are given after each year of satisfactory service for a total of five steps for each position. In addition to increments, reclassification/promotion opportunities exist in these systems. Increments in these employee systems are not funded by the legislature. Employee turnover and other salary savings are expected to be adequate to support increments.

K-12 classified employees

Classified employees in the K-12 system are managed at the local district level; they do not have a state-wide personnel system, as do state and higher education classified employees. K-12 classified staff receive increments, but the increment schedules are negotiated through local collective bargaining. Funding for K-12 classified staffing and salary increases is formula driven. For funding purposes, levels of classified staff are based on enrollment and staff ratios; i.e., one classified staff for approximately every sixty pupils. Increments are not funded by the legislature through this process. The formula recognizes each district's historic average salary plus an amount equal to the state authorized percentage increase multiplied by the formula classified staff units. Increments are expected to be funded through turnover savings and other sources available locally.

K-12 certificated instructional staff

Certificated instructional staff in the K-12 system receive step increments that are funded through an allocation schedule. The allocation schedule recognizes both experience and education for step increases.

Step increases on the salary allocation schedule for K-12 certificated instructional staff are set at approximately 3 percent. Experience recognized for increments ranges from eight to fifteen years depending on the degree and/or education credits earned. Table 1 below depicts the allocation schedule salary levels for K-12 certificated instructional staff in 1991-92 who held a bachelor of arts degree, a master's degree, or a doctorate with varying years of experience. These levels reflect the state maximum allocation for employees with the described experience and education levels.

TABLE 1
1991-92 ALLOCATION SCHEDULE EXCERPT
K-12 CERTIFICATED INSTRUCTIONAL STAFF

Years of Service	BA	MA	PhD
0 years	$20,801	$24,939	$28,018
8 years	26,899	31,786	35,528
15 years or more	26,899	39,252	43,634

The basic education allocation formula is used for funding purposes and is not a distribution requirement for school districts. Actual salaries for K-12 certificated instructional staff are negotiated at the local district level through collective bargaining. Approximately two-thirds of the 296 school districts, however, have elected to use the allocation schedule for salary distribution purposes. If the salary allocation schedule were used as a distribution schedule in all districts, salaries in every district would reflect those values indicated in the table.

The allocation schedule establishes minimum entry level salaries for an employee with a baccalaureate degree or a master's degree and no teaching experience. The schedule also serves as a control for certificated instructional staff salaries. State law

mandates that the actual average district salary cannot exceed the funded average district salary.

The allocation system for K-12 certificated instructional staff is monitored closely with a provision for recovery of funds. If a district elects to use the allocation schedule as a salary distribution schedule, it retains little flexibility on salary issues.

Community college faculty

Faculty salary policies in community colleges are negotiated locally through collective bargaining. Community college districts use salary schedules which recognize education and experience as components for salary increases. In periods of little or no authorized salary increases, increments have been foregone or only partially funded through authorized salary increases. Subsequent salary increases were then obligated (by virtue of union contracts) to fund these deferred increments. For instance, by contract, the three percent increase in 1987 was used to fund prior increment commitments from 1986, leaving only limited funds available for new increments and a general salary increase in 1987. As a result, faculty no longer eligible for increments received little or no cost-of-living salary adjustment in either 1986 or 1987.

From the early 1970s until 1991, increments were not funded by the legislature; legislative budgets specifically required that increments be paid from the appropriated salary increase. In the 1991 session, community colleges received partial funding for increments through an appropriation of $1 million for the first year of the biennium, and were given the flexibility to fund the remainder of the increment cost from authorized salary increases and salary turnover savings. In the 1992 supplemental budget, community colleges received a further appropriation of $1.2 million for increments in the second year of the biennium. It is expected that this appropriation, coupled with turnover savings, will be adequate to fund all increments. Use of these funds was restricted to increments. The SBCTC issued system-wide guidelines for payment of increments and will monitor compliance.

Four-year institution faculty

Each four-year institution has salary policies which include step structures. Although used as the structure of the four-year salary policies, these step "increments" are not funded separately from the authorized salary increase. Salary schedules reflect the step structure that is followed as salary increases are awarded on such bases as merit, market, promotion, experience or some special salary adjustment purpose. Salary adjustments are stated in terms of the number of steps to be awarded. In contrast, across-the-board salary increases such as cost-of-living or inflation increases, when provided, are applied uniformly to all steps in the entire salary schedule.

Salary schedules at the four-year institutions for regular nine-month faculty are multi-step and non-ranked (single schedules having no distinction for professorial ranks), except at Eastern and Central, which have multi-step schedules for each rank. Separate schedules exist for eleven- and twelve-month faculty.

Each step at the research universities provides a 2.9 percent increase in salary over the preceding step, while at the three comprehensive universities each step is a 3 percent increase over the preceding step. Evergreen's schedule provides equal dollar steps. The authorized salary increase at Evergreen, after meeting step requirements for experience, moves the entire salary schedule ahead to reflect a cost-of-living increase.

Central distributes general cost-of-living adjustments and promotions as initial priorities of authorized salary increases. The salary policy directs that no more than 20 percent of the authorized salary increase be allocated to merit unless the faculty senate consents to a proposed change. At Eastern and Western promotion steps are awarded as the first priority followed by general merit and cost of living adjustments. The research universities distribute merit increases, extraordinary merit, and market adjustments as highest priorities, and apply any remainder to cost-of-living adjustments.

Although the public four-year institutions use salary steps as part of the structure for salary policies, increments as used in the K-12 and community college systems are not integral to their policies nor funded by the legislature in the institutions' budgets.

Findings and Conclusions

Policy questions posed are "Should the system of funded increments at the two-year institutions be continued?" and "Should the four-year institutions have a system of funded increments?" The review focuses on whether faculty at the four-year institutions are disadvantaged by the absence of a funded increment system or whether the presence of management flexibility acts to offset this structural difference.

In recent years, funded increments in the K-12 and community college systems, combined with general salary increases equivalent to those provided the four-year institutions, have resulted in greater salary increases to these groups compared to faculty in the four-year college and universities. For example salary increases appropriated by the legislature effective January 1992 were 3.9 percent for higher education and 4 percent for K-12. In addition to these general increases, approximately 55 percent of all community college faculty and K-12 certificated instructional staff were eligible for increments. This represents an additional 1.1 to 2.0 percent salary increase appropriated to the community colleges and K-12 through the operating budget process. The table in Appendix A illustrates percentage increases appropriated including increment funding.

Table 2 on the following page shows the cumulative total of percentage salary increases appropriated during fiscal years 1982 through 1993 as displayed in Table A-1 of the Appendix. The differences in appropriated salary increases among the comprehensive institutions is related to the 1983 faculty resource equalization which is discussed later in this report.

TABLE 2
APPROPRIATED TOTAL FACULTY SALARY INCREASES
1982 through 1993

University of Washington	66.4%
Washington State University	65.8%
Central Washington University	64.7%
Eastern Washington University	61.8%
The Evergreen State College	67.0%
Western Washington University	69.3%
Community Colleges	60.2%
K-12 Certificated Staff	70.1%

In the K-12 system, certificated instructional staff generally do not have the opportunity to receive a salary increase greater than the percent authorized through increments and the general salary increase except by completing educational credits or degrees as indicated on the salary schedule.

Until 1991, community college flexibility in the use of salary savings was limited by appropriation language that restricted the use of salary savings for general increases and increments, coupled with a negotiated salary system in which all increases were distributed for increments and cost-of-living. In 1991, appropriation language provided the flexibility to use salary savings to partially fund increments. This change both reduces the cost of funded increments and protects the salary base, and appears to have resolved the problem for the community colleges.

Funding of increments in community colleges recognizes the essential uniformity of this element in locally negotiated contracts. With the advent of funded increments, salary policies at community colleges are in transition. The legislature has chosen to support the funding of salary increments for the community colleges. By doing so, the legislature has established a salary policy for community colleges comparable to that of the K-12 system. The funding of increments should preclude community colleges from losing ground relative to salary positions of K-12 instructional staff.

Performance-based compensation policies employed by four-year institutions are the product of faculty/administration negotiations and therefore assumed acceptable to a preponderance of faculty and staff. Although these practices employ a step structure, institutions do not distribute salary increases through an increment system as in community colleges or K-12.

Four-year institutions have greater flexibility in managing use of salary funding than either the K-12 system or the community colleges. Authorized salary increases and salary turnover savings can be used for general increases, or market adjustments and special merit increases on an individual basis. This flexibility makes it possible for individual faculty members to receive salary increases greater than the average percent authorized. These locally created policies contain mechanisms for review and modification as needed, and have the flexibility to address salary issues through shared governance without state intervention.

Recommendations

- *The practice of funding community college salary increments should continue.*

- *Although the four-year institutions should not be directed to implement an increment based salary distribution system, levels of appropriation for enhanced salaries should recognize the presence or absence of funded increments.*

SALARY DISPARITY AMONG INSTITUTIONS

Language in the 1991 Appropriations Act requires that the HECB address the issue of "salary disparity" among institutions. This directive is in response to the contention by Eastern that in 1983 the legislature created and has since perpetuated an inequitable situation by using a data base inconsistent with that used by the HECB (then Council for Postsecondary Education) in the development of faculty salary recommendations. The discussion includes the broader aspects of institutional funding, management flexibility,

and the limitations of using peer analysis as a "budget driver" for individual components of an institution's total state funding needs.

The 1983 legislature appropriated funds for faculty resource equalization to two comprehensive universities and Evergreen. The funding was provided to the three institutions to equalize their faculty to the level allocated to Eastern in the state instructional formula data base used for institutional budgeting (see Table 5, page 22).

HECB faculty salary recommendations use a national data base from the Integrated Postsecondary Education Data System (IPEDS) reports to the U. S. Department of Education. The Board historically has based its analysis and recommendations on the relationship of Washington institutions to "comparable" institutions in other states. The IPEDS report is the only data available for making national comparisons.

In IPEDS reporting of instructional faculty, institutions are to include full-time faculty, faculty on sabbatical leave, replacement faculty for those on leave without pay, and department chairs. Not included in the IPEDS survey are part-time faculty, administrative deans, or graduate teaching assistants, replacements for faculty on sabbatical leave, or faculty on leave without pay,

Faculty included in calculating the instructional formula (used until 1983) included both full- and part-time faculty, academic deans, part-time overload or extra pay for faculty and department chairs, and graduate teaching and research assistants. It did not include some faculty paid from the Health Sciences budget, faculty on sabbatical leave or faculty budgeted separately outside the instructional formula.

Of the two data bases, the instructional formula base was the more comprehensive. Table 3 on the following page illustrates differences in average salaries of the two data bases in 1982-83. On the IPEDS base the comprehensive universities and Evergreen were virtually identical in the reported average salary of their full-time nine/ten month instructional faculty for the three professorial ranks.

TABLE 3
COMPREHENSIVE UNIVERSITY/EVERGREEN AVERAGE SALARIES
FORMULA BASE vs IPEDS SURVEY
1982-83

	IPEDS			FORMULA BASE			DATA BASE DIFF	
	FAC	AVE SAL	% DIFF	FAC	AVE SAL	% DIFF	FAC	AVE SAL
EWU	311	$27,104		366	$28,881		55	$1,777
CWU	262	26,961	-0.5	307	27,968	-3.2	45	1,007
TESC	112	27,093	0.5	125	27,166	-5.9	13	73
WWU	387	27,084	-0.1	421	26,861	-7.0	34	223

Another perspective on the differences between the data bases is illustrated in Table 4 below. To differing degrees this table illustrates that the formula data base used by the legislature to equalize salaries was more representative of the whole than was the IPEDS data base.

TABLE 4
1982-83

	FORMULA TOTAL SALARY REPORTED	IPEDS TOTAL SALARY REPORTED	DIFFERENCE
EWU	$10,570,446	$ 8,429,344	$2,141,102
CWU	8,586,176	7,063,782	1,522,394
TESC	3,395,750	3,034,416	361,334
WWU	11,308,481	10,481,506	826,975

The formula based average salary illustrates the percentage differences on which the equalization funding was premised. Clearly there was a significantly greater difference between the two data bases for Eastern than the others, with a faculty difference of 55 FTE and an average salary difference of $1,777. The equalization funding was intended to address this aggregate difference among the institutions. As stated in a summary of the issue provided by House Fiscal Committee Staff:

> "The decision on regional institution base salaries was based on the insistence of the institutions that the existing "formula" methodology be used to budget funds - that is, the legislature should use a pure allocation

method which was not tied to actual expenditures (by category) of funds. The data was provided by the institutions and the approach brought other institutions up to the level allocated EWU per faculty in the formula budget base."[1]

The equalization funding sought to address differences in instructional formula funding that had accumulated over time and to facilitate a legislative change in the budget process. The "formula" methodology was used to provide an allocation method that was not tied to actual expenditures (by category) of funds. Funds were appropriated to the three institutions for faculty resource equalization. The funding was used to provide a 2.9 percent increase at Central (implemented February, 1984), a 5.2 percent increase at Evergreen (implemented November, 1984) and a 7.5 percent increase at Western (implemented September, 1983). Table 5 below illustrates the calculation of the equalization funding that was provided for each year of the 1983-85 biennium:

TABLE 5
COMPREHENSIVE UNIVERSITY/EVERGREEN
CALCULATION OF FACULTY RESOURCE EQUALIZATION FUNDING

	FORMULA REPORTED AVE SAL FY 1983	AFTER 6-30-83 7.0% INC	AVE SAL DIFF FROM EASTERN AFTER 6/83 INC	FORMULA GENERATED FAC FTE	1984-85 EQUALIZATION (DIFF X FTE) ROUNDED
EASTERN	$28,881	$30,903			
CENTRAL	27,968	29,926	(977)	309	$302,000
EVERGREEN	27,166	29,068	(1,835)	126	$231,000
WESTERN	26,861	28,741	(2,161)	435	$940,000

Because equalization was established on the formula base, the IPEDS base then showed greater variations among the average salaries at the comprehensive universities and Evergreen compared to Eastern. Since the 1983 equalization funding, the legislature has appropriated equal percentage increases to all four of these institutions. The differences in average salaries as measured by the IPEDS reports, and on which the HECB bases its salary recommendations, have persisted and increased.

---

[1] House Fiscal Committee Staff, Budget History Relative to Faculty Salaries, (draft notes to Representative Braddock), April 16, 1991.

Average salary methodology

A review of faculty salaries generally focuses on average salary of one group compared to average salary of another group. Use of this measure has virtually no boundaries as faculty, institution administrators, governing or coordinating agencies, and legislative or executive branches of government review comparable salaries to illustrate or describe "fairness," "equity," "disparity," "need gap," "catch up," and "keep up." The HECB develops recommendations based on comparisons between the average salaries of Washington institutions and a set of "peer" institutions.

On a national level, or for a large group of peer institutions, the average salary represents a sufficient population to smooth institutional differences. In doing this type of analysis, it is presumed that institutions will have different salary policies, (i.e. some will have collective bargaining, mix of the professorial ranks will differ, institutional hiring practices will differ, age of the faculty will differ, etc.), but the aggregate average salaries diminish the affects of such differences.

For a single institution, however, policies and practices can significantly affect the average salary and can move the average from year to year through management decisions such as:

- Changing rank mix due to promotions, retirements, terminations
- Hiring replacement faculty at salaries above or below the average
- Replacing one faculty with two at lower salaries
- Hiring additional faculty
- Promoting faculty without commensurate salary increases

While average salaries are the only nationally published data that can be used in making national comparisons, they are much less effective in the analysis of institution issues discussed in this report.

The HECB routinely develops salary recommendations based on full-time instructional faculty as reported in IPEDS, and such recommendations are valid only to

the extent that an institution's faculty are configured within that data base. Faculty salary peer analysis is perhaps best used in providing Washington institutions a "bench mark" by which to review the relationship of their internal policies on salary levels of faculty relative to an aggregation of policies at other institutions. Faculty salary peer analysis is not effective as a "budget driver." Management flexibility of the Washington institutions in the allocation of their resources potentially frustrates the concept of salary recommendations based on peer comparison. However, institutional flexibility in the management of faculty resources is necessary and appropriate.

Analysis

The policy question posed is "Have funding mechanisms created inequitable salary levels among institutions?" A related policy consideration is whether the Board should continue to make discrete salary recommendations for individual institutions based on peer comparisons?

While the formula based faculty salary average was used to "equalize" the four institutions, formula based budgeting was not used in the 1983 Appropriations Act, and has not been used since.

Through the 1983 equalization, the legislature established an "equity" relationship in faculty salaries among the comprehensive institutions. Although the legislature used the formula as the basis for equalization, it also established the relationships among the institutions as represented by the IPEDS data. While the formula process is no longer used, the IPEDS relationships created by the equalization continue. After the equalization, the relationship of the professorial rank average salaries at the other institutions compared to Eastern on an IPEDS basis was Central (+1.8 percent), Evergreen (+5.9 percent), and Western (+7.4 percent).

Having established this relationship, the legislature has since provided the same percentage salary increases to comprehensive institutions. However, the 1991 IPEDS data indicate that the differences among institutions compared to Eastern are now Central (+5.4 percent), Evergreen (+3.2 percent), and Western (+10.8 percent).

Obviously, some factors other than legislative increases influence these salary levels; not the least of which is institutional autonomy. Institutions have the flexibility to manage their faculty resources. Thus an institution may determine that additional faculty are appropriate to achieving its goals. Different types of faculty may be what is needed - a greater number of part-time faculty, increased teaching assistants, or payment of part-time overload for full-time faculty. Institutions may employ a greater number of instructors and/or lecturers, or a greater number of non-tenure track faculty on one-year appointments. No external rules dictate how an institution configures its faculty.

In addition to flexibility to interchange salary dollars among all faculty categories, institutions also have flexibility to direct funds to other institutional operations. To reconcile apparent differences in average salaries, a review was made of expenditure patterns of comprehensive institutions during the 1980s. Those patterns are illustrated in Table 6 on the following page, focusing on percent of state general fund appropriations allocated to various major programs. As shown in this table, there is considerable difference in the way available funds are allocated among institutions' major programs. It is noted that Eastern's allocation to the instruction program has declined over the period 1983-84 through 1989-90, whereas at the other institutions instruction has either increased or held constant.

Each institution determines the funding allocation among its internal program categories. Except in total, these amounts generally are not established by the legislature but reflect institution policy choices among basic functions. Shifts in these relationships occur over time as institutions determine need for changes in emphasis.

To the extent an institution moves funding out of the instruction program, it may have a deleterious effect on salaries. Or concurrently, restrictive salary, hiring, and promotion policies may be used to make funds available for other functions of the institution. These policies, and the results thereof, are the province of the institution to establish, to manage, and to work with the outcomes, both positive and negative.

These expenditure patterns reflect institutional differences in all areas of the budget. However, concern has focused only on the "disparity" among faculty salaries, in part because HECB faculty salary reports and recommendations have highlighted that component of the budget.

TABLE 6

STATE GENERAL FUND EXPENDITURE PATTERNS

		1983–84	1985–86	1987–88	1989–90
CENTRAL WASHINGTON UNIVERSITY					
011*	Instruction	52.0%	50.1%	51.5%	52.7%
04	Primary Support	5.7%	5.5%	4.9%	5.3%
05	Library	9.3%	9.4%	9.5%	9.4%
06	Student Services	5.6%	4.9%	5.4%	5.2%
08	Institutional Support	12.8%	13.8%	14.2%	13.2%
09	Plant Op & Maint	14.6%	16.3%	14.5%	14.3%
TOTAL		100.0%	100.0%	100.0%	100.0%
EASTERN WASHINGTON UNIVERSITY					
011*	Instruction	52.1%	49.0%	49.9%	48.7%
04	Primary Support	7.0%	5.4%	6.4%	7.7%
05	Library	6.1%	6.2%	6.3%	6.6%
06	Student Services	6.3%	7.3%	7.7%	7.6%
08	Institutional Support	10.9%	12.7%	12.5%	13.0%
09	Plant Op & Maint	17.5%	19.4%	17.2%	16.4%
TOTAL		100.0%	100.0%	100.0%	100.0%
THE EVERGREEN STATE COLLEGE					
011*	Instruction	38.8%	41.7%	44.6%	46.6%
04	Primary Support	4.8%	4.1%	4.1%	3.8%
05	Library	12.4%	11.2%	12.2%	11.8%
06	Student Services	8.0%	7.0%	6.6%	6.9%
08	Institutional Support	16.1%	19.1%	18.1%	16.8%
09	Plant Op & Maint	19.9%	16.9%	14.3%	14.1%
TOTAL		100.0%	100.0%	100.0%	100.0%
WESTERN WASHINGTON UNIVERSITY					
011*	Instruction	56.5%	56.6%	57.5%	57.0%
04	Primary Support	3.6%	3.2%	3.4%	4.0%
05	Library	7.5%	7.5%	7.2%	7.2%
06	Student Services	7.3%	7.0%	7.3%	7.7%
08	Institutional Support	12.7%	12.6%	12.3%	12.3%
09	Plant Op & Maint	12.5%	13.1%	12.2%	11.9%
TOTAL		100.0%	100.0%	100.0%	100.0%

Source: Budget Documents B5–1

*Does not include health science (012), summer session (013), or extension (015)

Findings and Conclusions

The legislature equalized salaries among the comprehensive institutions in 1983 and since then has provided equal percentage increases for each. To the extent that salary differences currently exist they reflect institutional management decisions. Because every institution is configured differently, each should be assessed on how well it meets its objectives, not on whether it allocates resources exactly like the other institutions.

Salary expenditures are only one element of an institution's spending pattern and cannot be viewed in isolation. Analysis cannot focus solely on differences in the average salaries of faculty among Washington comprehensive institutions but must consider that institutions have exercised their flexibility differently, resulting in different expenditure patterns among the many program areas.

Recommendations

- *The HECB peer comparison information should be used as a "bench mark" for reviewing the effects of salary policies and levels at comparable institutions, but not for establishing budget allocations.*

SALARY DISPARITY WITHIN DEPARTMENTS

> "If it is assumed that faculty capability is basically tied to professional maturity, then internal average salary structures should exhibit patterns that increase with professional maturity (measured using rank and time in rank.). Salary compression occurs when salary structures are not proportional to professional maturity."[2]

Some faculty have expressed concern that the range of salaries among professorial ranks has been compressed in some academic disciplines where the starting salaries of inexperienced assistant professors can be higher than those of experienced

---

[2]Snyder, Julie K., McLaughlin, Gerald W., and Montgomery, James R., "Diagnosing and Dealing with Salary Compression," Research in Higher Education, Vol.33, No.1, 1992.

faculty. This change in the traditional relationship of salaries among junior and senior faculty constitutes yet another dimension of faculty salary policy that institutions must address within limited resources available for salary increases.

To understand how salary compression affects faculty at Washington institutions, research and comprehensive universities were asked to provide salary data on six selected departments for 1981-82, 1986-87, and 1991-92. Departments were selected in which salary compression likely would or would not be exhibited. Departments surveyed included business, English, computer science, education, biology, and sociology.

Community colleges were not asked to provide similar data. Negotiated agreements provide limited flexibility to address exceptions to hiring policies that place new faculty on the salary schedule at the level warranted by their education and experience. While external market pressures can affect placement on the schedule at a community college, it is more an exception than the norm.

Salary compression caused by market influences is difficult to isolate. Salary policies provide the flexibility necessary to compete in the national market and retain quality faculty. Merit increases, a key element in salary flexibility, move individual salaries non-uniformly, but also make it difficult to identify specific factors that contribute to compression. Analysis using the average rank salary of a department is also limited. A small number of faculty in a particular rank, or a large percentage of senior faculty in a department can distort the analysis.

Table 7 on the following page displays summary data for the six selected departments and the relationship of average salaries among the three professorial ranks. Institutional detail is contained in Appendix B.

As shown, compression does not occur uniformly across all departments. Those departments significantly influenced by external market pressures in both recruitment and retention usually experience greater levels of salary compression. Compression can also result from how merit increases and market adjustments are distributed. Reported salaries reviewed for this analysis would not reflect such occurrences.

TABLE 7

RELATIONSHIP OF AVERAGE SALARY BY RANK OF SELECTED DEPARTMENTS*
WASHINGTON STATE UNIVERSITY

BUSINESS DEPARTMENT	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	10	13	13
ASSOC. PROF.			
# in Rank	11	8	13
% to Prof Salary	77.0%	83.2%	93.1%
ASST. PROF.			
# in Rank	15	17	23
% to Assoc. Salary	90.6%	85.1%	92.9%

BIOLOGY DEPARTMENT	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	3	6	2
ASSOC. PROF.			
# in Rank	9	6	4
% to Prof Salary	84.4%	76.0%	75.4%
ASST. PROF.			
# in Rank	0	0	2
% to Assoc. Salary	n/a	n/a	92.0%

COMPUTER SCIENCE DEPT	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	7	5	4
ASSOC. PROF.			
# in Rank	2	3	2
% to Prof Salary	80.5%	88.1%	94.6%
ASST. PROF.			
# in Rank	4	1	6
% to Assoc. Salary	83.5%	94.7%	85.3%

EDUCATION DEPARTMENT	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	20	12	14
ASSOC. PROF.			
# in Rank	11	9	12
% to Prof Salary	74.2%	73.9%	67.4%
ASST. PROF.			
# in Rank	7	5	19
% to Asso Salary	95.4%	93.8%	93.1%

ENGLISH DEPARTMENT	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	15	13	14
ASSOC. PROF.			
# in Rank	11	12	11
% to Prof Salary	79.0%	75.5%	75.8%
ASST. PROF.			
# in Rank	9	6	11
% to Assoc. Salary	81.0%	81.8%	84.4%

SOCIOLOGY DEPARTMENT	1981–82	1986–87	1991–92
PROF:			
# in Rank	9	15	12
ASSO			
# in Rank	7	8	8
% to Prof Salary	73.0%	69.4%	72.4%
ASST			
# in Rank	11	2	7
% to Asso Salary	78.5%	94.7%	86.4%

*Percentage relationship between ranks based on average salary of full time faculty.

Of the six departments reviewed, salary compression is most noticeable in business, computer science, and the assistant to associate level in biology. Business departments are engaged in a competitive market with high salaries. Some institutions have experienced increases of 40 percent in the number of business faculty since 1986-87. In the business department at two institutions, the average salary of assistant professors exceeded the average salary of associate professors.

A fairly new discipline, computer science is a fast growing, well-paying field. One comprehensive institution reported no full professors for this discipline out of a total of 12 faculty. As the data indicate, since 1986-87, the salary compression between the ranks of assistant and associate in computer science has actually lessened while compression appears stabilized at 12 percent between the ranks of associate to professor. The compression noted between assistant to associate professor in biology could be largely due to the 200 percent increase (7 to 21) in the number of assistant professors hired since 1986-87. Generally at all institutions, the greatest percentage of salary change from the prior period occurred in the ranks of assistant and associate professors. This reflects the market effect on salaries of recent hires.

Analysis

The policy question posed for this study is "Is salary compression increasing to the extent of causing problems at the institutions?" The review focuses on whether salary compression is sufficiently widespread and of such magnitude that it warrants specific state action.

While external market factors can contribute to salary compression, a process to address market disparities may contribute to salary compression. In 1985, the UW and WSU received salary funding "to address market disparity." Both institutions used a similar process in measuring disparities and allocating salary increases. Salary data were compiled by rank and discipline for peer institutions, other universities, and private and/or industrial sectors that influence or affect the recruitment and retention of faculty. The degree of vulnerability of faculty within disciplines was determined relative to external markets and faculty recruitment and retention difficulties. Faculty members who were most vulnerable to market factors were identified and individual salary increases were determined for them.

Salary compression, however, could have been exacerbated in some market sensitive disciplines where senior faculty may have been less vulnerable to market factors. Senior faculty may have been considered less mobile and therefore not able to command increased salary levels as could newer faculty. As a result, the salary funding directed at "market disparities" could have resulted in contributing to salary compression between professorial ranks.

Salary compression is more apparent in unstructured performance based salary systems. In structured salary systems, which primarily exist at institutions with a predominant instructional emphasis, salaries for new faculty recognize education and experience, and generally are not negotiable.

Unstructured salary systems, designed to meet the needs of more complex institutions with diverse faculty, allow institutions to "individualize" the salary and benefits offers made to new faculty. Consideration may be given to competitive market influences, research grants and activities that can bring increased resources and prestige to an institution, and/or an individual's reputation for scholarship and the potential for its continuation. While the role of instruction is certainly considered, it is likely not the focus of negotiation.

The effect of merit reward systems as well as market demands should be considered when reviewing faculty salary compression.

Findings and Conclusions

The extent of compression varies among institutions. However, as evidenced by the sample survey, except in certain departments, compression does not appear to be greater than ten years ago.

Policies that are heavily weighted to recognize merit will attract and reward the contributions of talented and competitive faculty. Decisions are made to meet (or exceed) offers from other higher education institutions, and public or private industry, in order to attract and retain faculty that define an institution by their expertise. Hiring policies that include negotiated entry salaries likely will result in continually increasing entry salaries.

Salary compression is the result of market demands coupled with unstructured performance based salary systems. Some salary compression will continue to occur due to changes in the market focus. Salary policies of the institutions have the flexibility to address issues of disparity and compression. Where faculty and administration view compression as a concern, policies may need to be revised to address those concerns.

Recommendation

- *Salary compression should be viewed as a unique institutional concern and one that should be managed by institutions within available resources.*

APPENDIX A

TABLE A-1

APPROPRIATED SALARY INCREASE PERCENTAGES
1982 THROUGH 1993

FY	UW	WSU	CWU	EWU	TESC	WWU	CC	EFFECTIVE	K-12**	EFFECTIVE
1982	10.2	10.2	10.2	10.2	10.2	10.2	10.2	Oct. 1, 1981	9.0	Sept. 1, 1981
1983	7.0	7.0	7.0	7.0	7.0	7.0	7.0	June 30, 1983	9.0	Sept. 1, 1982
1984	0.0	0.0	2.9	0.0	5.2	7.5	0.0	Fac. Equal. (Comprehensives)		
1985	6.7	6.7	6.7	6.7	6.7	6.7	6.7	Jan. 1, 1985	9.0	Jan. 1, 1985
1986	3.5	3.5	0.0	0.0	0.0	0.0	0.0	Jan. 1, 1986 (Market-Research)		
1987	3.0	3.0	3.0	3.0	3.0	3.0	3.0	Sept. 1, 1986	5.5	Sept. 1, 1986
1987	5.0	5.0	4.5	4.5	4.5	4.5	4.0	Mar. 1, 1987		
1988	3.5	3.2	3.1	3.1	3.1	3.1	2.3	Mar. 1, 1988	5.3	Sept. 1, 1987
1989	8.4	8.1	7.6	7.6	7.6	7.6	6.0	Jan. 1, 1989	5.2	Sept. 1, 1988
1990	6.1	6.1	6.4	6.4	6.4	6.4	6.2	Jan. 1, 1990	6.0	Sept. 1, 1989
1991	6.1	6.1	6.4	6.4	6.4	6.4	6.2	Jan. 1, 1991	10.1	Sept. 1, 1990
1992	3.9	3.9	3.9	3.9	3.9	3.9	4.5*	Jan. 1, 1992	6.0	Sept. 1, 1991
1993	3.0	3.0	3.0	3.0	3.0	3.0	4.1*	Jan. 1, 1993	5.0	Sept. 1, 1992
TOTAL	**66.4%**	**65.8%**	**64.7%**	**61.8%**	**67.0%**	**69.3%**	**60.2%**		**70.1%**	

* Includes funded increments effective January, 1992 (.6 percent) and January, 1993 (1.1 percent) per SBCTC.
** Includes increments estimated at 2 percent based on OSPI estimate of 55 percent of instructional staff receiving 3.7 percent increase.

APPENDIX B

TABLE B-1

RELATIONSHIP OF AVERAGE SALARY BY RANK OF SELECTED DEPARTMENTS*
UNIVERSITY OF WASHINGTON

BUSINESS DEPARTMENT

	1981–82**	1986–87	1991–92
PROFESSOR			
# in Rank	n/a	37	35
ASSOC. PROF.			
# in Rank	n/a	19	18
% to Prof Salary		76.1%	80.2%
ASST. PROF.			
# in Rank	n/a	16	17
% to Assoc. Salary		98.9%	102.8%

BIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	n/a	33	35
ASSOC. PROF.			
# in Rank	n/a	8	8
% to Prof Salary		68.1%	73.3%
ASST. PROF.			
# in Rank	n/a	4	11
% to Assoc. Salary		85.0%	81.2%

COMPUTER SCIENCE DEPT

	1981–82**	1986–87	1991–92
PROFESSOR			
# in Rank	n/a	7	14
ASSOC. PROF.			
# in Rank	n/a	3	4
% to Prof Salary		75.1%	83.1%
ASST. PROF.			
# in Rank	n/a	9	4
% to Assoc. Salary		85.1%	87.4%

EDUCATION DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	n/a	28	28
ASSOC. PROF.			
# in Rank	n/a	15	13
% to Prof Salary		59.8%	65.1%
ASST. PROF.			
# in Rank	n/a	5	16
% to Assoc. Salary		84.1%	88.5%

ENGLISH DEPARTMENT

	1981–82**	1986–87	1991–92
PROFESSOR			
# in Rank	n/a	21	23
ASSOC. PROF.			
# in Rank	n/a	22	14
% to Prof Salary		66.5%	63.9%
ASST. PROF.			
# in Rank	n/a	6	8
% to Assoc. Salary		80.1%	84.4%

SOCIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	n/a	13	12
ASSOC. PROF.			
# in Rank	n/a	6	4
% to Prof Salary		69.9%	67.0%
ASST. PROF.			
# in Rank	n/a	4	6
% to Assoc. Salary		75.0%	81.1%

*Percentage relationship among ranks based on average salary of full time faculty.
**Data for 1981–82 not available.

TABLE B-2

RELATIONSHIP OF AVERAGE SALARY BY RANK OF SELECTED DEPARTMENTS*
WASHINGTON STATE UNIVERSITY

BUSINESS DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	10	10	13
ASSOC. PROF.			
# in Rank	11	8	13
% to Prof Salary	77.0%	83.2%	93.1%
ASST. PROF.			
# in Rank	15	17	23
% to Assoc. Salary	90.6%	85.1%	92.9%

BIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	3	6	2
ASSOC. PROF.			
# in Rank	9	6	4
% to Prof Salary	84.4%	76.0%	75.4%
ASST. PROF.			
# in Rank	0	0	2
% to Assoc. Salary	n/a	n/a	92.0%

COMPUTER SCIENCE DEPT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	7	5	4
ASSOC. PROF.			
# in Rank	16	4	2
% to Prof Salary	80.5%	88.1%	94.6%
ASST. PROF.			
# in Rank	4	1	6
% to Assoc. Salary	83.5%	94.7%	85.3%

EDUCATION DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	20	12	14
ASSOC. PROF.			
# in Rank	11	9	12
% to Prof Salary	74.2%	73.9%	67.4%
ASST. PROF.			
# in Rank	7	5	19
% to Asso Salary	95.4%	93.8%	93.1%

ENGLISH DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	15	13	14
ASSOC. PROF.			
# in Rank	11	12	11
% to Prof Salary	79.0%	75.5%	75.8%
ASST. PROF.			
# in Rank	9	6	11
% to Assoc. Salary	81.0%	81.8%	84.4%

SOCIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROF:			
# in Rank	9	15	12
ASSO			
# in Rank	7	8	8
% to Prof Salary	73.0%	69.4%	72.4%
ASST			
# in Rank	11	2	7
% to Asso Salary	78.5%	94.7%	86.4%

*Percentage relationship between ranks based on average salary of full time faculty.

TABLE B-3

RELATIONSHIP OF AVERAGE SALARY BY RANK OF SELECTED DEPARTMENTS*
CENTRAL WASHINGTON UNIVERSITY

BUSINESS DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	0	2	10
ASSOC. PROF.			
# in Rank	0	10	10
% to Prof Salary	n/a	83.3%	87.4%
ASST. PROF.			
# in Rank	0	6	6
% to Assoc. Salary	n/a	77.1%	88.7%

BIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	8	16	15
ASSOC. PROF.			
# in Rank	5	0	0
% to Prof Salary	82.6%	n/a	n/a
ASST. PROF.			
# in Rank	0	0	3
% to Assoc. Salary	n/a	n/a	n/a

COMPUTER SCIENCE DEPT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	1	2	3
ASSOC. PROF.			
# in Rank	2	3	1
% to Prof Salary	77.2%	93.8%	77.9%
ASST. PROF.			
# in Rank	0	1	1
% to Assoc. Salary	n/a	104.2%	76.1%

EDUCATION DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	20	21	17
ASSOC. PROF.			
# in Rank	16	15	10
% to Prof Salary	86.9%	76.1%	72.5%
ASST. PROF.			
# in Rank	6	5	16
% to Assoc. Salary	84.7%	70.0%	81.1%

ENGLISH DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	6	7	6
ASSOC. PROF.			
# in Rank	7	4	5
% to Prof Salary	80.3%	83.5%	78.5%
ASST. PROF.			
# in Rank	1	2	7
% to Assoc. Salary	77.9%	67.2%	78.8%

SOCIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	3	6	7
ASSOC. PROF.			
# in Rank	3	3	1
% to Prof Salary	79.6%	95.2%	95.7%
ASST. PROF.			
# in Rank	1	0	1
% to Assoc. Salary	103.4%	n/a	60.2%

*Percentage relationship among ranks based on average salary of full time faculty.

TABLE B-4

RELATIONSHIP OF AVERAGE SALARY BY RANK OF SELECTED DEPARTMENTS*
EASTERN WASHINGTON UNIVERSITY

BUSINESS DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	22	25	21
ASSOC. PROF.			
# in Rank	12	6	4
% to Prof Salary	84.2%	91.6%	90.3%
ASST. PROF.			
# in Rank	6	5	14
% to Asso. Salary	78.6%	80.5%	103.6%

BIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	9	8	10
ASSOC. PROF.			
# in Rank	1	2	5
% to Prof Salary	91.3%	75.7%	80.8%
ASST. PROF.			
# in Rank	3	3	1
% to Asso. Salary	80.1%	84.0%	97.0%

COMPUTER SCIENCE DEPT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	0	7	5
ASSOC. PROF.			
# in Rank	0	3	3
% to Prof Salary		92.9%	96.0%
ASST. PROF.			
# in Rank	0	1	0
% to Asso. Salary	n/a	64.7%	n/a

EDUCATION DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	14	21	18
ASSOC. PROF.			
# in Rank	9	2	3
% to Prof Salary	83.5%	89.3%	78.6%
ASST. PROF.			
# in Rank	4	4	7
% to Asso. Salary	81.0%	73.6%	87.5%

ENGLISH DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	11	11	12
ASSOC. PROF.			
# in Rank	9	7	10
% to Prof Salary	84.4%	90.8%	77.2%
ASST. PROF.			
# in Rank	8	6	6
% to Asso. Salary	86.0%	74.7%	89.2%

SOCIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	2	4	5
ASSOC. PROF.			
# in Rank	5	1	0
% to Prof Salary	84.5%	90.4%	n/a
ASST. PROF.			
# in Rank	0	0	2
% to Asso. Salary	n/a	n/a	n/a

*Percentage relationship between ranks based on average salary of full time faculty.

TABLE B-5

RELATIONSHIP OF AVERAGE SALARY BY RANK OF SELECTED DEPARTMENTS*
WESTERN WASHINGTON UNIVERSITY

BUSINESS DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	4	4	9
ASSOC. PROF.			
# in Rank	12	11	14
% to Prof Salary	82.2%	88.5%	88.8%
ASST. PROF.			
# in Rank	9	11	10
% to Assoc. Salary	88.2%	87.8%	99.4%

BIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	8	9	9
ASSOC. PROF.			
# in Rank	7	8	2
% to Prof Salary	83.3%	78.1%	90.4%
ASST. PROF.			
# in Rank	1	0	4
% to Assoc. Salary	77.9%	n/a	75.2%

COMPUTER SCIENCE DEPT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	0	0	0
ASSOC. PROF.			
# in Rank	0	6	9
% to Prof Salary		n/a	n/a
ASST. PROF.			
# in Rank	0	3	3
% to Assoc. Salary	n/a	92.5%	88.6%

EDUCATION DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	15	11	17
ASSOC. PROF.			
# in Rank	20	16	13
% to Prof Salary	86.4%	87.2%	81.8%
ASST. PROF.			
# in Rank	4	2	2
% to Assoc. Salary	81.3%	91.0%	78.9%

ENGLISH DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	11	12	12
ASSOC. PROF.			
# in Rank	8	8	5
% to Prof Salary	81.8%	76.5%	78.0%
ASST. PROF.			
# in Rank	2	0	6
% to Assoc. Salary	86.1%	n/a	89.7%

SOCIOLOGY DEPARTMENT

	1981–82	1986–87	1991–92
PROFESSOR			
# in Rank	2	4	4
ASSOC. PROF.			
# in Rank	5	4	2
% to Prof Salary	84.0%	77.4%	76.1%
ASST. PROF.			
# in Rank	2	1	2
% to Assoc. Salary	80.3%	87.3%	88.6%

*Percentage relationship between ranks based on average salary of full time faculty.